

## Message Text

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PAGE 01 SEOUL 03700 110420Z

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ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 RSC-01 DRC-01 /032 W

----- 105265

R 110333Z JUN 74

FM AMEMBASSY SEOUL

TO USDOC WASHDC

INFO SECSTATE WASHDC 4231

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PASS EXIM BANK

E.O. 11652: N/A

TAGS: BEXP, BPRO, EIND, KS

SUBJ: JOINT VENTURE OF KOREAN HAPSUM CO. WITH UNION CARBIDE AND  
MONSANTO

REFERENCES: (A) SEOUL 3461; (B) SEOUL 3478

1. IN REFTELS EMBASSY REPORTED INTEREST OF KOREA HAPSUM IN JOINT VENTURE WITH U.S. FIRM (POSSIBLY MONSANTO) FOR PRODUCTION NYLON 66, AND INTEREST OF UNION CARBIDE IN JOINT VENTURE WITH KOREAN FIRM (POSSIBLY KOREA HAPSUM) FOR PRODUCTION LIQUID OXYGEN. BOTH VENTURES INVOLVED POSSIBILITY OF U.S. EXIM CREDIT APPLICATION.

2. KOREA HAPSUM'S NEARLY SIMULTANEOUS ESTABLISHMENT OF TWO U.S. JOINT VENTURE INTERESTS IS SOMEWHAT SURPRISING, HOWEVER, IT IS NOT UNUSUAL FOR AN EXUBERANT CONGLOMERATE IN THIS EXPANSIONIST ECONOMY TO BE WORKING ACTIVELY ON SEVERAL MAJOR PROJECTS IN SEVERAL DIFFERENT FIELDS AT ONE AND THE SAME TIME. IN REPORTING THE TWO PROSPECTIVE JOINT VENTURES, EMBASSY WAS TELLING IT LIKE IT IS, OR AT LEAST LIKE WE WERE BEING TOLD. AT THE SAME TIME, WE FELT CONSTRAINED TO POINT OUT TO THE INTERESTED PARTIES HERE (KOREA HAPSUM AND UNION CARBIDE) THAT DUAL REQUEST OF EXIM WOULD LIKELY LEAD TO OVERALL REJECTION, GIVEN KOREA HAPSUM'S LIMITED DEBT-SERVICING CAPACITY.

3. IT TURNS OUT THAT KOREA HAPSUM HAD NOT INTENDED TO PROPOSE BOTH

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PAGE 02 SEOUL 03700 110420Z

PROJECTS SIMULTANEOUSLY BUT RATHER TAKE THEM IN ORDER AND SEE HOW

THEY WORKED OUT. FURTHERMORE, KOREA HAPSUM MANAGEMENT STATED THAT, IF BOTH PROJECTS WORKED OUT, TWO WOULD BE STAGGERED IN SUCH A WAY AS PERMIT DEBT SERVICING FOR BOTH. AT ANY RATE, FOR TIME BEING, KOREA HAPSUM HAS ASSURED EMBASSY AND UNION CARBIDE THAT IT HAS ESTABLISHED ABSOLUTE PRIORITY FOR POSSIBLE OXYGEN PLANT JOINT VENTURE WITH UNION CARBIDE, AND WILL SET ASIDE CONSIDERATION OF NYLON 66 VENTURE UNTIL OXYGEN PLANT VENTURE CAN BE THOROUGHLY EXPLORED. AS BETWEEN THE TWO, THE KOREAN FIRM POINTS OUT THAT THE

OXYGEN PLANT VENTURE INVOLVES POTENTIAL PARTNERSHIP WITH U.S. FIRM IN COUNTRY WHICH HAS ALREADY THOROUGHLY INVESTIGATED PROJECT FEASIBILITY NYLON 66 VENTURE, ON OTHER HAND, INVOLVES SOMEWHAT RELUCT- AND POTENTIAL PARTNER BACK IN U.S. AND UNRESOLVED QUESTION OF NEAR-TERM VIABILITY OF DOMESTIC MARKET FOR PRODUCT.

4. KOREA HAPSUM DIRECTOR, CHOI, HONG-RIN HAS POSTPONED TRIP TO U.S. IN ORDER TO BE ON HAND FOR UNION CARBIDE NEGOTIATIONS.

5. UNION CARBIDE REP (WITT) STRESSES THAT NO DECISION HAS YET BEEN MADE FOR KOREA HAPSUM AS JOINT VENTURE PARTNER, HOWEVER, HE FELT IT NECESSARY FOR KOREA HAPSUM TO CLARIFY ITS PRIORITIES BEFORE NEGOTIATION COULD PROCEED.

6. WE HAVE ADVISED KOREA HAPSUM THAT, SHOULD THEY DEVELOP JOINT VENTURE WITH UNION CARBIDE INVOLVING EXIM CREDIT APPLICATION, IT IS POSSIBLE THAT EXIM WOULD ESTABLISH A TIME-PHASED LIMIT ON INCURRING ADDITIONAL INDEBTEDNESS WHICH WOULD INHIBIT NYLON 66 VENTURE.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** OXYGEN, BANK LOANS, FOREIGN INVESTMENTS, INDUSTRIAL PLANTS, JOINT VENTURES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Office:** ACTION XMB  
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**TAGS:** BEXP, BPRO, EIND, KS, UNION CARBIDE, XMB  
**To:** COM  
**Type:** TE  
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